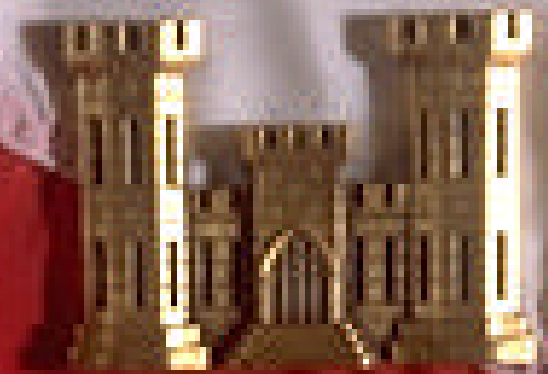


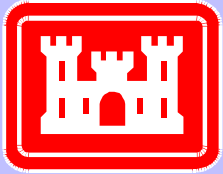
External Factors and Trends Bearing on USACE Missions

**Presentation to
USACE Legal Services
Conference**

by

**MG Russell Fuhrman
Director of Civil Works**

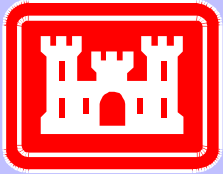




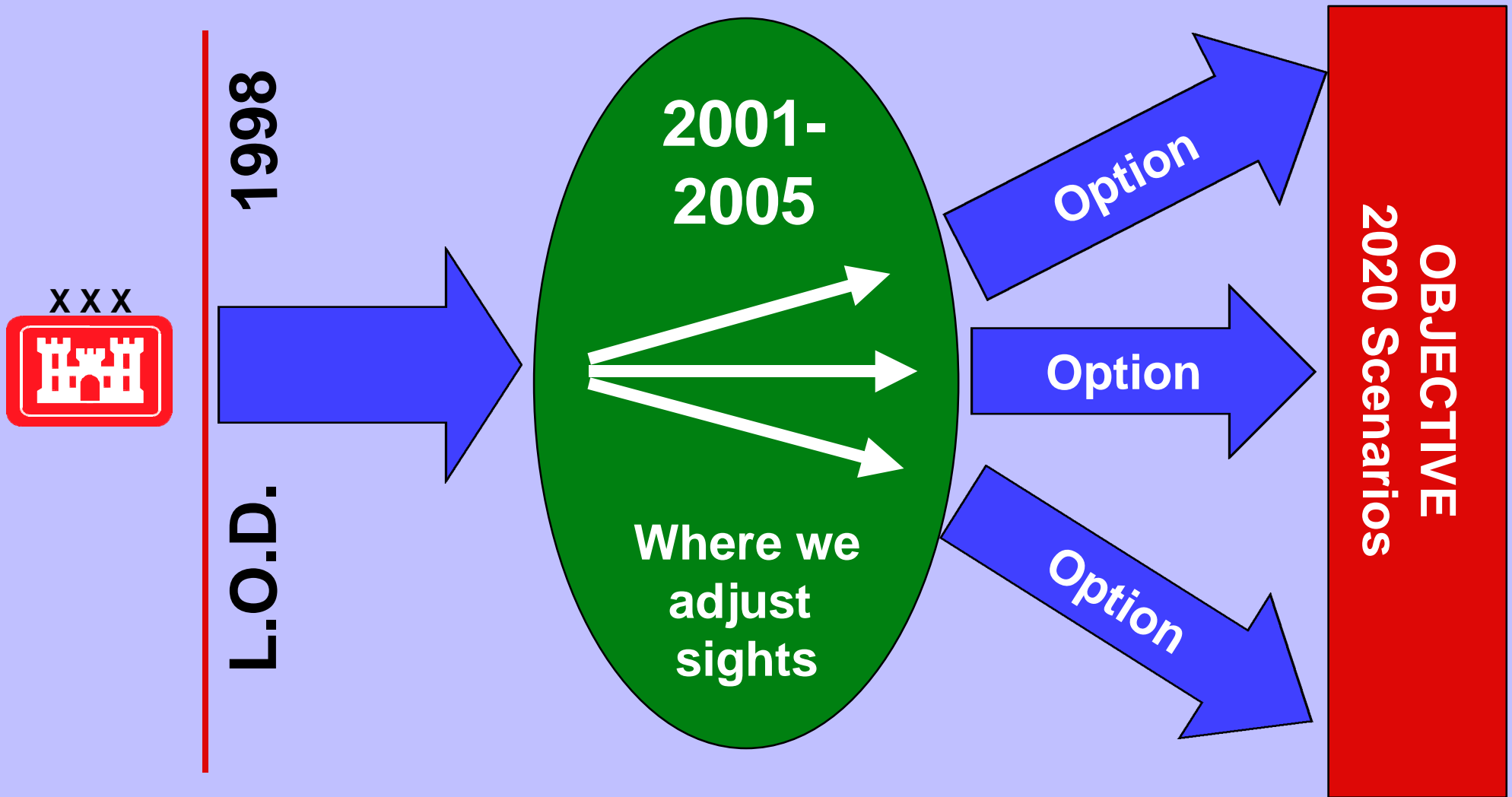
Topics

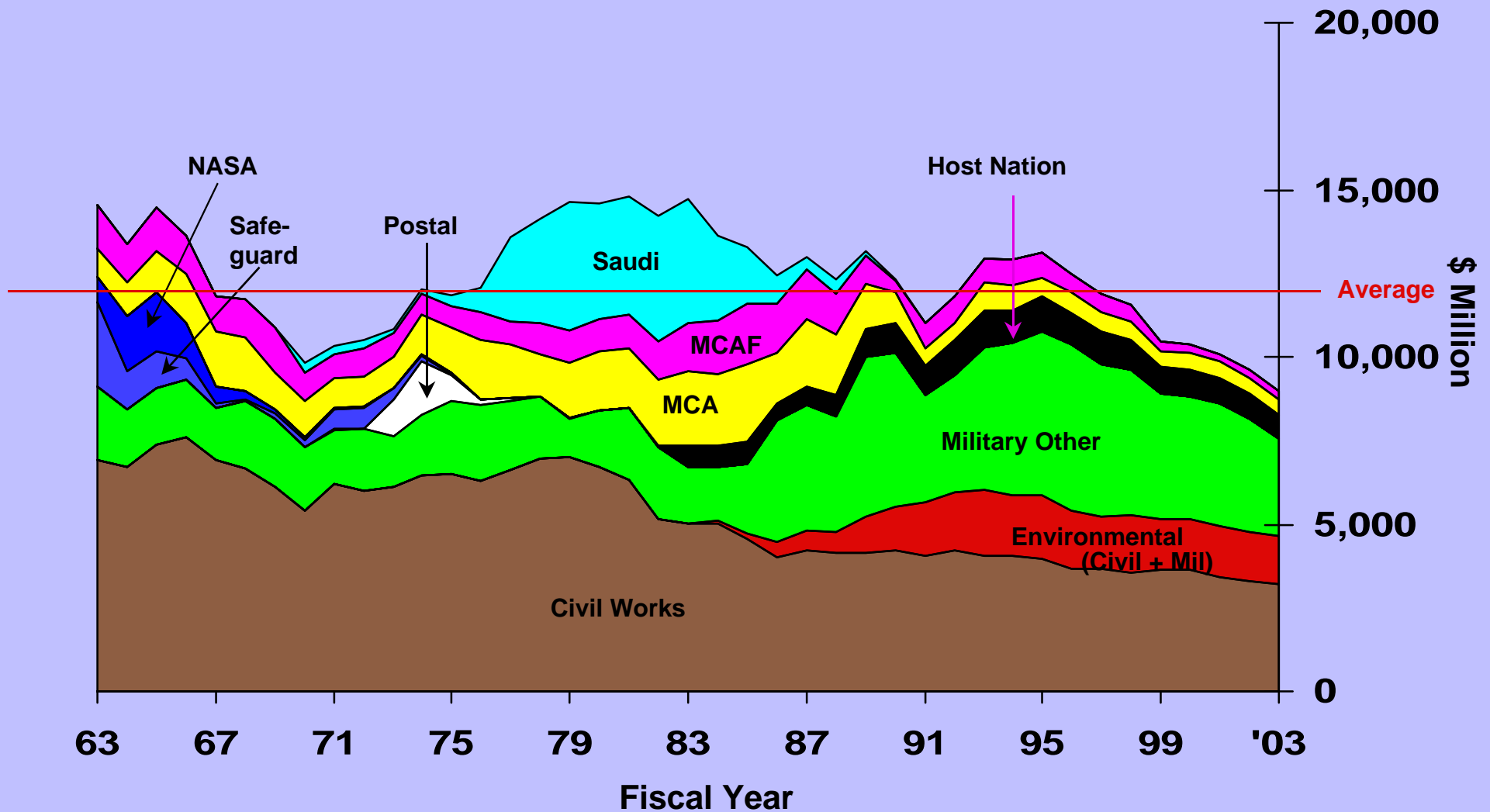


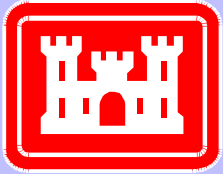
- **Workload Trends**
- **Government & Budget Environments**
- **Military Program**
- **Civil Program**
- **Support for Others**
- **The Road Ahead**
- **Civil Works “Hot Topics”**



Azimuth Adjustment







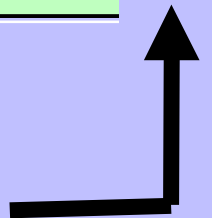
The Federal Budget (FY 98)

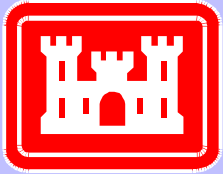


USACE Army Programs: 0.20%



Army Civil Works: 0.21%

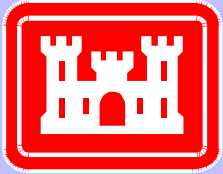




Budget Issues

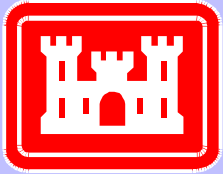


- Given strong economy & federal surplus, how do we spend the “windfall”
 - Restore/increase funding for entitlements
 - Reduce tax burden
 - Pay down \$5 trillion National Debt
 - Increase discretionary programs
- Desire for less federal role expressed
 - “Era of Big Government is over”
- Defense spending ???



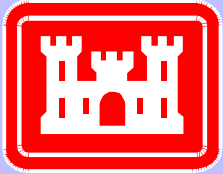
Government Environment

- **“Powering down” to States, localities, private sector**
- **Partnering between levels; public & private sectors**
- **Increased pressure to contract**
- **“Bottom up” project development**
 - **Sponsors more adventurous with upfront \$, look to Corps for tech. assistance & reimbursement**



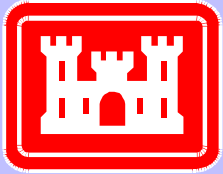
Administration Environment

- **Second-term President can't seek reelection**
 - Presidential nomination contest ahead
- **Must deal with opposition party in control of Congress**
- **Popularity ratings high**
 - Good economy
- **Reactive mode**



Congressional Environment

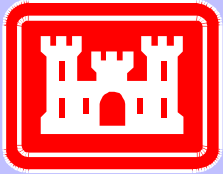
- **Parties at rough parity, no clear majority able to work its will**
 - Competition for “swing votes” in middle
 - “Vote trades” may not always be logical
- **Long-term members departing**
 - Need to establish new relationships
- **Era of “Great Chairmen” able to push projects is over**
 - 6-year term limit for committee chairs
 - Leadership volatility requires continuous relationship building
- **Projects must stand on merit, National interest**
 - Regional rather than local focus on water resources



Congressional Environment



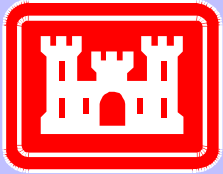
- **House Energy & Water Appropriations Subcommittee**
 - Chairman & Ranking Minority retirement
- **House Military Construction Appropriations Subcommittee**
 - Ranking Minority retirement
- **House National Security Committee**
 - Ranking Minority retirement
- **Senate Armed Services Committee**
 - Chairman retirement



Non-Federal Government Environment



- **Most States in good shape financially**
 - Budget surpluses (Many State constitutions prohibit deficit budgets)
 - Good ability to be local partners
- **Debate on how to use available funds**
 - Schools, social services, transportation, other infrastructure, tax cuts, other?
- **Increasing interstate cooperation, regional compacts**
 - Regions, rather than single states, often becoming power centers



The Great Debate

**Elections
'98 & 2000**



The Budget

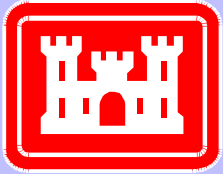
**Given a Strong Economy, Where Do
We Spend Our Treasure?**

**New or
Increased
Entitlements**

**Tax
Cuts**

**Pay Off
\$5T Debt**

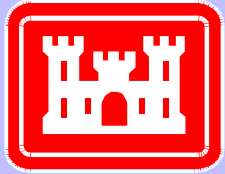
**Programs to
Strengthen
Economy**



Military Programs Environment



- **End of Cold War -- U.S. as only superpower**
 - No threat to military dominance
- **Lower Defense budgets in real terms**
- **New BRAC questionable**
- **Limited new infrastructure**
- **OMA \$ dilemma: Quality of Life vs. Training vs. Deployments -- Which is the bill payer?**
- **Strong support for Reserve Components**
- **“Contracting Out/Privatization: the Panacea!”**



Consequences for Military Programs



Challenge: Efficient management of existing infrastructure

Construction: Minimal

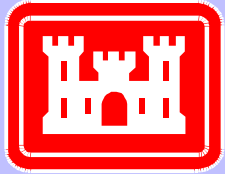
- Too many square feet already
- BRAC, need to build at “gaining” posts, unlikely
- Soldier QOL viewed in terms of pay rather than facilities

Rehabilitation: Fair amount

Trend away from DEH/DOL/DPCA to Installation Mgr. or Installation Support Cmd.

- Focus on facilities diluted

**Budget
Continues to
Go South**



Civil Works Program Environment



**Nation's economic viability depends on infrastructure,
especially transportation**

- Ports**
- Inland waterways (aging locks & dams)**
- Cheap, reliable energy (hydropower)**

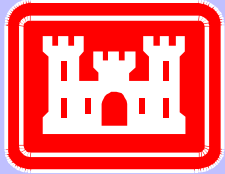
Strong economy = ability to invest

**In past, infrastructure brought economic development;
in future, will be vice versa**

Increase in shore protection, recreation interest

Regional responses to problems

Increased Federal role in natural disasters



Consequences for Civil Works Program



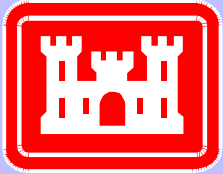
Navigation:

- Deeper ports needed for modern ships - Ports hustling for deepening projects
- Inland waterways -- need for capacity improvement, major rehab. of aging locks



Flood & Shore Protection

- Demand is high
 - Flood protection: sustain what we have
 - Shore protection: Increase. Too much invested in coastal areas to let them wash away
 - * Question is, who pays?
- Balance property vs. environmental protection



Consequences for Civil Works Program (Continued)



- **Environmental Protection & Restoration**

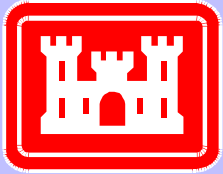
- Growing industry in early 21st Century
 - Creative approaches important
 - Maximize benefits per dollar spent
 - Value added analysis



- **Recreation: Growing economic importance**

- **Hydropower:**

- Regional issue, but more critical in future as systems approach maximum capacity, design life

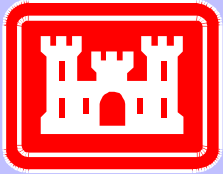


Consequences for Civil Works Program (Continued)



- Natural Disaster Response:
 - **Public expects Federal government to be there**
 - Army has missions under law
 - P.L. 93-288 (Stafford Act--FEMA)
 - P.L. 84-99 (Floods)
 - High risk, high reward
 - **THERE ARE CERTAIN THINGS WE CAN'T AFFORD TO DO BADLY**

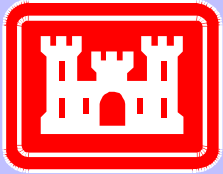
**Increased
Expenditure**



Support for Others Program Environment



- **USACE is only Federal agency with full engineering capability**
- **As Federal share of Nation's income decreases, "turf wars" may increase**
 - **Tendency to raid others' successful programs, unload own losers**
- **Regional problems - Regional solutions**
- **Affordable solutions**
- **Overseas opportunities?**



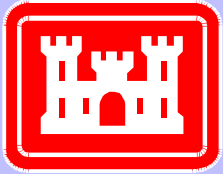
Consequences for Support for Others Program



- **Build on our strengths**
- **Culture modification required**
 - **Must provide value added to customer**
 - **Must be Best Buy**
 - **Must construct and design to customer finances and desires**



**Potential
Here!**



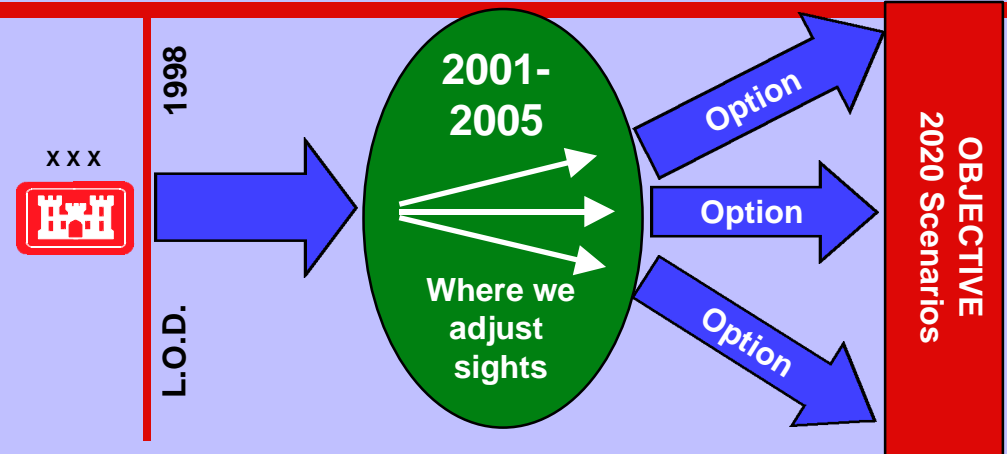
The Road Ahead

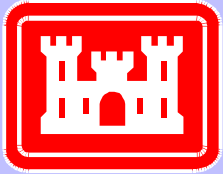


- **Retain role as “Problem Solver for the Nation”**

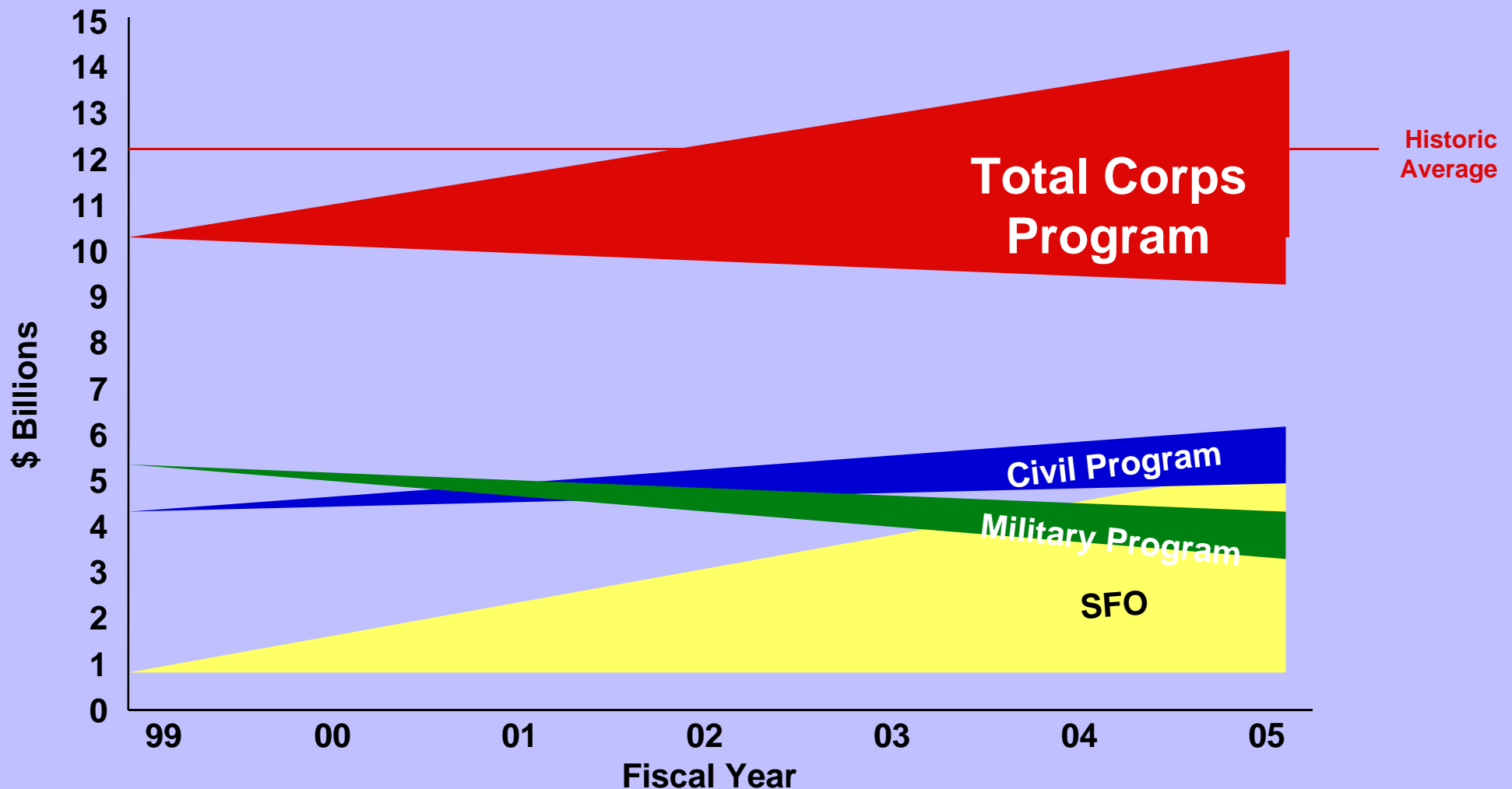
- Understand complex problems; develop creative solutions; deliver complete products
- Retain first-rate capabilities in core competencies
- Maintain well-trained, diverse work force
- Have constituencies who recognize us as “best in the business”

- **Position selves to take advantage of trends**

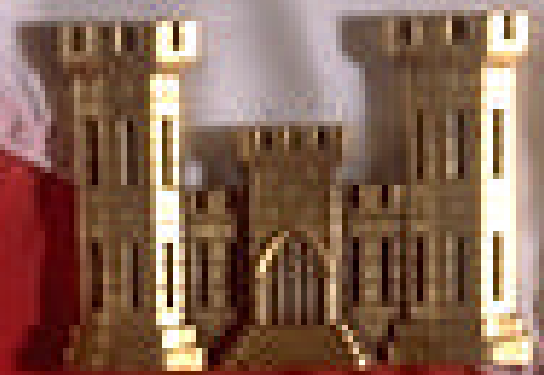


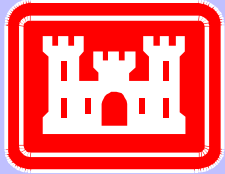


USACE Forecast: Potential Programs



Hot Topics in Civil Works

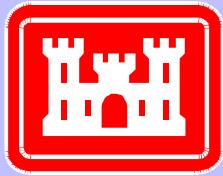




Role of the Corps in Water Resources Development



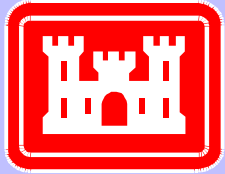
- **Continue Traditional Role of Plan - Design - Construct**
OR
- **Become a Grant Agency**
- **Appropriate Level of Corps Program**
 - **\$1 Billion a Year Construction**
 - **\$1.5 - 2 Billion a Year O&M**



FY 99 Civil Works Budget Request (\$ Millions)



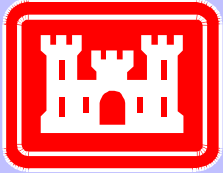
	FY98 Approp.	FY99 Request
Construction, Gen.	1,469	784
Operation & Maintenance, Gen.	1,740	1,603
Gen. Investigations	157	150
Mississippi River & Tributaries	294	280
Regulatory	106	117
Flood & Coastal Emergencies	4	0
FUSRAP	140	140
Gen. Expenses	<u>148</u>	<u>148</u>
Total Appropriation	4,058	3,222
Non-Fed. Contributions (Estimate)	131	144
Coastal Wetlands Trust Fund	<u>44</u>	<u>48</u>
Total Program	4,233	3,414



Reaction to FY 99 Budget Request



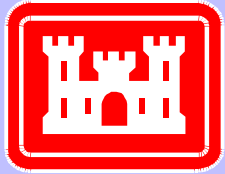
- **President's Budget widely criticized as too little for Construction, General**
- **Budget Resolution passed in Senate presumes Corps Appropriation at FY 98 Level**
 - **Action probable in June**
- **Advance Appropriations unlikely to be accepted by Congress**
- **Expect FY 99 appropriation to be radically larger than President's Budget**



Fiscal Year 1998 Supplemental



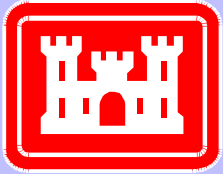
- **Includes \$105,185,000 for O&M, General**
- **Overturns OMB directive to use Full-funded Lump Sum Contracts on FY 1998 New Construction Starts**



Army Civil Works Legislative Program 1998 (WRDA 98)



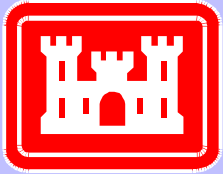
- **Forwarded by A/ASA(CW) to Congress, 22 April 98**
- **5 Project Authorizations, plus 5 Sec. 902 modifications**
- **18 “Candidate projects” (include if Chief’s Report complete by 1 Jul 98)**



WRDA 98 Significant Provisions



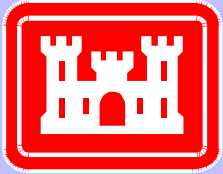
- **Flood Hazard Mitigation & Riverine Ecosystem Restoration Initiative**
- **Lower Missouri River Aquatic Restoration Projects**
- **Everglades/S. Fla. Ecosystem Restoration Extended thru FY 2000**
- **New cost-sharing formula (65% non-Federal) for periodic beach nourishment**
 - **Initial construction cost sharing remains as it was in WRDA 86**



More WRDA 98 Provisions



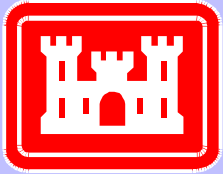
- **Increased cost limit for small flood control projects (from \$5 million to \$7 million)**
- **Authority to accept State/local funds to compile & disseminate flood & flood damage information**
- **Authority for non-profit entities to be project sponsors for aquatic ecosystem restoration, beneficial use of dredged material**
- **Regulatory fees - commercial permits, costs of EIS preparation, wetland delineations**



More WRDA 98 Provisions



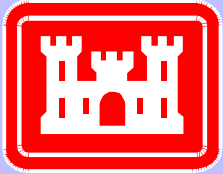
- **Authority to receive State/local funds for environmental restoration projects**
- **Water resource studies in Guam, American Samoa, Northern Mariana Islands**
- **Cooperative agreements for environmental protection, natural resource conservation, recreation in connection with development, operation & management of projects**
- **Water Resources Foundation to support natural resource management program**



AAA Report: Bidding Practices in Dredging



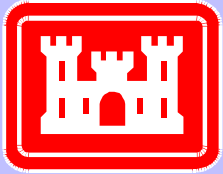
- **Indicators to identify bids which warrant additional review:**
 - **Identical unit prices from different contractors**
 - **Perception of complementary bids**
 - **A contractor working in the area who doesn't bid**
- **The report is not public**



Other Operations Issues



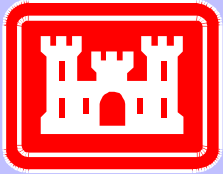
- **Challenge Cost-share Program**
 - Many field counsels still question program that has been coordinated with Counsel.
- **Readiness Program Funding - Flood Control & Coastal Emergency (FC&CE) Funds**
- **Restructuring the Corps Readiness Program for the 21st Century - Readiness 2000 Concept**



Programs Management: Paradigm Shift (from the Strategy)



- **“Revolutionize effectiveness” - It’s not business as usual anymore**
- **“Dramatic improvements in performance and customer satisfaction will be achieved through best business practices, bold process re-engineering and innovative use of technology.”**
- **“Our efforts must be coordinated, unified and holistic”**
- **“The time for half-hearted, incremental change is past.”**



Program & Project Management Imperatives

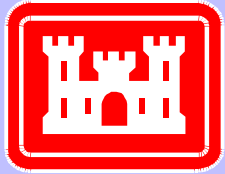


- Consistent project definition
- Each project has one PM
- PM is the team leader
- PM is the primary POC with the customer
- Every project managed with a management plan
- PM's manage project resources, data, & commitments
- DPM has programmatic oversight for all work
- All work will be managed using PM automated information systems (AIS) and PMBP

Above the Line

- Authorities not detailed in this regulation, or prohibited in other regulations, remain under the purview of the individual commander

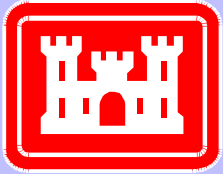
Below the Line



Program & Project Management Business Process (PMBP)



- **More than a name change**
- **PM will be a process, not a stovepipe**
- **Significant Changes**
 - **Success defined as product meeting customer objectives**
 - **Focus of team members and supporting cast is successful project delivery or program execution**
 - **Program Management applies to all district work**
 - **Focus is on Teams**
 - **Project Manager has greater responsibility, accountability**



Centers of Expertise (CX) Program



- Regulation requires initial certification and periodic recertification of Centers
- Two-tiered review
 - **MANDATORY** Reevaluated through intensive review and re-certification process
 - **VOLUNTARY** Eliminate TCX, SC, COS and replace with simplified “Directory of Expertise”
- Mandatory CX’s are established and maintained only in corporate best interests
- Internet to be primary source of CX info